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Dacapo Stainless A/S

Neptunvej 1
8600 Silkeborg
Central Business Registration
No 26688248

Annual report 2017

The Annual General Meeting adopted the annual report on 29.05.2018

Chairman of the General Meeting

Name: Kristian Saxtrup Sylvest

Contents

Entity details

Entity
Dacapo Stainless A/S
Neptunvej 1
8600 Silkeborg

Central Business Registration No (CVR): 26688248
Registered in: Silkeborg
Financial year: 01.01.2017 - 31.12.2017

Board of Directors
Andy Nørregaard Andersen, Formand
Jesper Klein-Petersen
Michael Mortensen

Executive Board
Kristian Saxtrup Sylvest, Adm. direktør

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dacapo Stainless A/S for the financial year 01.01.2017 - 31.12.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Silkeborg, 29.05.2018

Executive Board

Kristian Saxtrup Sylvest
Adm. direktør

Board of Directors

Andy Nørregaard Andersen Formand	Jesper Klein-Petersen	Michael Mortensen

Independent auditor's report

To the shareholders of Dacapo Stainless A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Dacapo Stainless A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent . The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 29.05.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Rosquist Andersen
State Authorised Public Accountant
Identification No (MNE) mne31482

Management commentary

	2017 DKK'000	2016 DKK'000
Financial highlights		
Key figures		
Revenue	738.614	587.992
Gross profit/loss	95.223	79.514
Operating profit/loss	38.546	25.711
Net financials	(8.766)	(9.086)
Profit/loss for the year	22.753	14.030
Total assets	392.700	310.246
Investments in property, plant and equipment	5.705	3.067
Equity	61.788	42.365
Cash flows from (used in) operating activities	(8.801)	1.620
Cash flows from (used in) investing activities	(2.383)	(8.231)
Cash flows from (used in) financing activities	14.672	4.632
Average numbers of employees	99	94
Ratios		
Gross margin (%)	12,9	13,5
Net margin (%)	3,1	2,4
Return on equity (%)	43,7	33,1

Key figures has been excluded for the financial years 2013-2015 as no Group financial statements were prepared in this period referring to the Danish Financial Statements Act section 112(1).

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.

Management commentary

Primary activities

The Group's business activity is stockholding and trading of stainless steel primarily in Northern Europe, secondarily in the rest of the world.

Development in activities and finances

The Group's income statement for the fiscal year ended 31. December 2017 shows a net profit of DKK 22.753 thousand, and the balance sheet shows equity of DKK 61.788 thousand, which in addition to subordinated debt of DKK 10.600 thousand add up to a total liable capital of DKK 72.388 and a solvency of 18,44 %.
During the year the nickel price was quite erratic, with the net effect being a 10 % increase in the average sales price achieved relative to 2016 with a slightly lower gross margin. Invoiced volumes (tons) increased by 17 % driven by healthy demand in most market segments combined with an increase in the Group's share of business within the customers targeted.
In line with the Group's strategy digitalization continued to be a key theme. Web-based sales reached 33 % of total revenue, and several new functionalities in the digital sales channels were rolled out, making the daily business between our customers and Dacapo even easier, while adding value to both sides.
Digitalization combined with strong focus on optimization of all internal processes and active de-selection of non-profitable customers, ensured another significant improvement in overall cost efficiency. All-in-all the Group has become more competitive and more resilient within an industry where only few participants have seriously embraced digitalization, especially when gazing upwards in the supply chain.

Uncertainty relating to recognition and measurement

A deferred tax asset has been recognized in the Group, totaling DKK 4.966 thousand. The utilization of it will depend on positive results of operations in a 3-5-year period. Management firmly believes that the deferred tax asset can be utilized via continued positive operating income in the years to come.

Outlook

The start of 2018 has been strong with healthy demand from all market segments, and the growth trajectory of the Group is expected to continue at least for the first 2-3 quarters.
The raw material market is best described as indecisive and the volatility in nickel prices is expected to continue, bringing no certainty about which direction steel prices will follow.
European stainless steel makers offer long, in some cases very long, lead times being evidence of the generally good economic climate currently prevailing in Europe.
The Group expects that these early signs of froth seen in the market will subside during 2nd half of 2018 and the relevant adjustments to stock levels and risk level in general are in place.
Overall, we do expect a turnover/tonnage growth of 5-15% with a result before tax around 15-30 mDKK.

Particular risks

The Group uses currency hedges to hedge purchases of goods. The Group is dependent on the development in the prices of raw materials, especially nickel and molybdenum.

Management commentary

Statutory report on corporate social responsibility

The Group has not drawn up any CSR policy nor any policy regarding climate and environment.

Statutory report on the underrepresented gender

The Group has not drawn up any policy for the underrepresented gender.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Consolidated income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue	2	738.614	587.992
Cost of sales		(617.137)	(485.050)
Other external expenses		(26.254)	(23.428)
Gross profit/loss		**95.223**	**79.514**
Staff costs	3	(52.545)	(48.657)
Depreciation, amortisation and impairment losses		(4.132)	(5.146)
Operating profit/loss		**38.546**	**25.711**
Other financial income	4	667	312
Other financial expenses	5	(9.433)	(9.398)
Profit/loss before tax		**29.780**	**16.625**
Tax on profit/loss for the year	6	(7.027)	(2.595)
Profit/loss for the year	7	**22.753**	**14.030**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Completed development projects		2.325	2.756
Intangible assets	8	**2.325**	**2.756**
Other fixtures and fittings, tools and equipment		5.665	4.335
Property, plant and equipment	9	**5.665**	**4.335**
Receivables from associates		10.600	0
Other receivables		22	63
Fixed asset investments	10	**10.622**	**63**
Fixed assets		**18.612**	**7.154**
Raw materials and consumables		181.925	158.667
Prepayments for goods		6.319	3.396
Inventories		**188.244**	**162.063**
Trade receivables		121.658	93.320
Receivables from group enterprises		55.791	0
Deferred tax	11	4.966	9.359
Other receivables		1.997	33.353
Income tax receivable		0	605
Prepayments	12	997	976
Receivables		**185.409**	**137.613**
Cash		**435**	**3.416**
Current assets		**374.088**	**303.092**
Assets		**392.700**	**310.246**

Consolidated balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		2.223	2.223
Retained earnings		59.565	40.142
Equity		**61.788**	**42.365**
Subordinate loan capital	13	10.600	15.019
Finance lease liabilities		0	1.876
Non-current liabilities other than provisions	14	**10.600**	**16.895**
Current portion of long-term liabilities other than provisions	14	0	555
Bank loans		174.223	128.694
Finance lease liabilities		1.114	0
Trade payables		126.475	111.835
Income tax payable		714	217
Other payables		17.786	9.685
Current liabilities other than provisions		**320.312**	**250.986**
Liabilities other than provisions		**330.912**	**267.881**
Equity and liabilities		**392.700**	**310.246**

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Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2.223	40.142	42.365
Exchange rate adjustments	0	1	1
Fair value adjustments of hedging instruments	0	(4.270)	(4.270)
Tax of entries on equity	0	939	939
Profit/loss for the year	0	22.753	22.753
Equity end of year	**2.223**	**59.565**	**61.788**

Notes to consolidated financial statements

1. Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of the annual report.

2. Revenue

The Dacapo Group has not performed a segmentation of revenue as it considers its activities as one segment.

	2017 DKK'000	2016 DKK'000
3. Staff costs		
Wages and salaries	48.361	44.799
Pension costs	3.546	3.336
Other social security costs	493	472
Other staff costs	145	50
	52.545	**48.657**
Average number of employees	**99**	**94**

	Remunera-tion of manage-ment 2017 DKK'000	Remunera-tion of manage-ment 2016 DKK'000
Total amount for management categories	3.619	3.700
	3.619	**3.700**

	2017 DKK'000	2016 DKK'000
4. Other financial income		
Financial income arising from group enterprises	278	221
Other financial income	389	91
	667	**312**

	2017 DKK'000	2016 DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	1.320	0
Other interest expenses	2.715	6.179
Other financial expenses	5.398	3.219
	9.433	**9.398**

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
6. Tax on profit/loss for the year		
Current tax	1.787	261
Change in deferred tax	5.240	2.334
	7.027	**2.595**

	2017 DKK'000	2016 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	22.753	14.030
	22.753	**14.030**

	Completed develop-ment projects DKK'000
8. Intangible assets	
Cost beginning of year	17.614
Additions	1.357
Cost end of year	**18.971**
Amortisation and impairment losses beginning of year	(14.858)
Amortisation for the year	(1.788)
Amortisation and impairment losses end of year	**(16.646)**
Carrying amount end of year	**2.325**

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000
9. Property, plant and equipment	
Cost beginning of year	34.342
Additions	5.705
Disposals	(3.701)
Cost end of year	**36.346**
Depreciation and impairment losses beginning of year	(30.007)
Depreciation for the year	(2.644)
Reversal regarding disposals	1.970
Depreciation and impairment losses end of year	**(30.681)**
Carrying amount end of year	**5.665**

	Receivables from associates DKK'000	Other receivables DKK'000
10. Fixed asset investments		
Cost beginning of year	0	63
Additions	10.600	0
Disposals	0	(41)
Cost end of year	**10.600**	**22**
Carrying amount end of year	**10.600**	**22**

	2017 DKK'000
11. Deferred tax	
Changes during the year	
Beginning of year	9.359
Recognised in the income statement	(5.240)
Recognised directly in equity	939
Exchange rate adjustments	(92)
End of year	**4.966**

The tax assets arise primarily from tax losses carried forward. Management expects that the Group and its jointly taxed enterprises will obtain positive earnings and thus, the deferred tax assets can be used in the future.

Notes to consolidated financial statements

12. Prepayments
Prepayments are prepaid costs for the next year.

13. Subordinate loan capital

	2017 DKK'000
Claims of creditor subordinated to other creditors	
Henrik Saxtrup Sylvest, due 31.12.2020	10.600
	10.600

14. Liabilities other than provisions
The loan is subordinated in relation to all other creditors. Repayment can be demanded with 3 months notice.

15. Financial instruments
Other payables include a negative fair value of DKK 1,638k from currency hedges. The contracts hedge currency risk from future goods purchases in USD totalling USD 13,704k (DKK 85,101k). The fair value adjustment is registered on equity and is expected to be realized in profit and loss after balance date. The currency hedges runs 0 to 6 months.

	2017 DKK'000	2016 DKK'000
17. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**7.755**	**4.411**

18. Assets charged and collateral
The following assets have been put up as security for the Dacapo Groups debt:

Unsecured claims and inventory owned by Dacapo Stainless B.V. have been put up as security for credit facilities in ABN Amro Bank, The Netherlands. Bank loans amounts to DKK 23,8780k. Unsecured claims amounts to DKK 21,066K. Inventory amounts to DKK 39,345K.

Unsecured claims owned by Dacapo Stainless AB have been put up as security for credit facilities in Coface Finans A/S. Unsecured claims amounts to DKK 28,925K.

Unsecured claims owned by Dacapo Stainless AS have been put up as security for credit facilities in Coface Finans A/S. Unsecured claims amounts to DKK 5,721K.

Unsecured claims owned by Dacapo Stainless GmbH have been put up as security for credit facilities in Jyske Bank, Germany. Bank loans amount to DKK 2,743k. Unsecured claims amounts to DKK 4,968K.

Notes to consolidated financial statements

Company charge of DKK 130,000k consisting of unsecured claims, inventory, operating equipment owned by Dacapo Stainless A/S have been put up as security for credit facilities in Jyske Bank as well as pledges in shares in group enterprises. Bank loans amount to DKK 119,640K.

Unsecured claims amounts to DKK 60,978K.

Inventory amounts to DKK 142,580K.

Operating equipment amounts to DKK 4,726K.

Shares in group enterprises amounts to DKK 31,408K.

19. Transactions with related parties

Dacapo Holding A/S (CVR: 27400396), Silkeborg owns 90% of the shares in the Group, and therefore has controlling interest.

Referring to section 98 (C) of the Danish Financial Statements act The Group does not disclose transactions with related parties as the transactions have been performed at arm’s length.

20. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Dacapo Holding A/S, Neptunvej 1, 8600 Silkeborg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Dacapo Stainless A/S, Neptunvej 1, 8600 Silkeborg

21. Subsidiaries	**Registered in**	**Corporate form**	**Equity interest %**
Dacapo Stainless AS	Bryne, Norway	AS	100,0
Dacapo Stainless AB	Malmø, Sweden	AB	100,0
Dacapo Stainless B.V.	Hlemond, Netherlands	B.V.	100,0
Dacapo Stainless GmbH	Münchengladbach, Germany	GmbH	100,0

Parent income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue	2	568.774	450.479
Cost of sales		(509.905)	(399.312)
Other external expenses		(16.605)	(13.914)
Gross profit/loss		**42.264**	**37.253**
Staff costs	3	(21.127)	(18.246)
Depreciation, amortisation and impairment losses		(3.895)	(4.952)
Operating profit/loss		**17.242**	**14.055**
Income from investments in group enterprises		14.422	5.894
Other financial income		257	1.008
Other financial expenses	4	(6.786)	(4.594)
Profit/loss before tax		**25.135**	**16.363**
Tax on profit/loss for the year	5	(2.382)	(2.333)
Profit/loss for the year	6	**22.753**	**14.030**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Completed development projects		2.325	2.756
Intangible assets	7	**2.325**	**2.756**
Other fixtures and fittings, tools and equipment		4.727	4.569
Property, plant and equipment	8	**4.727**	**4.569**
Investments in group enterprises		31.408	17.150
Receivables from group enterprises		0	11.175
Receivables from associates		10.600	0
Other receivables		0	40
Fixed asset investments	9	**42.008**	**28.365**
Fixed assets		**49.060**	**35.690**
Raw materials and consumables		142.580	120.273
Prepayments for goods		6.319	3.396
Inventories		**148.899**	**123.669**
Trade receivables		60.978	46.772
Receivables from group enterprises		73.317	43.073
Deferred tax	10	1.400	2.656
Other receivables		1.893	5.074
Prepayments	11	769	644
Receivables		**138.357**	**98.219**
Cash		**216**	**3.224**
Current assets		**287.472**	**225.112**
Assets		**336.532**	**260.802**

Parent balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		2.223	2.223
Reserve for net revaluation according to the equity method		10.227	0
Retained earnings		49.338	40.142
Equity		**61.788**	**42.365**
Subordinate loan capital		10.600	15.019
Finance lease liabilities		0	1.876
Non-current liabilities other than provisions		**10.600**	**16.895**
Current portion of long-term liabilities other than provisions		0	555
Bank loans		119.640	86.032
Finance lease liabilities		1.114	0
Trade payables		109.380	94.489
Payables to group enterprises		23.678	13.932
Income tax payable		187	217
Other payables		10.145	6.317
Current liabilities other than provisions		**264.144**	**201.542**
Liabilities other than provisions		**274.744**	**218.437**
Equity and liabilities		**336.532**	**260.802**
Events after the balance sheet date	1		
Financial instruments	12		
Claims of creditor subordinated to other creditors	13		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	2.223	0	40.142	42.365
Exchange rate adjustments	0	0	1	1
Fair value adjustments of hedging instruments	0	0	(4.270)	(4.270)
Tax of entries on equity	0	0	939	939
Profit/loss for the year	0	10.227	12.526	22.753
Equity end of year	**2.223**	**10.227**	**49.338**	**61.788**

Notes to parent financial statements

1. Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of the annual report.

2. Revenue

The company has not performed a segmentation of revenue as it considers its activities as one segment.

	2017 DKK'000	2016 DKK'000
3. Staff costs		
Wages and salaries	30.448	28.209
Pension costs	1.878	1.784
Other social security costs	252	252
Other staff costs	(11.451)	(11.999)
	21.127	**18.246**
Average number of employees	**57**	**56**

	Remunera-tion of manage-ment 2017 DKK'000	Remunera-tion of manage-ment 2016 DKK'000
Total amount for management categories	3.619	3.700
	3.619	**3.700**

	2017 DKK'000	2016 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	1.388	1.375
Other financial expenses	5.398	3.219
	6.786	**4.594**

	2017 DKK'000	2016 DKK'000
5. Tax on profit/loss for the year		
Current tax	186	450
Change in deferred tax	2.196	1.883
	2.382	**2.333**

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
6. Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method	10.227	0
Retained earnings	12.526	14.030
	22.753	**14.030**

	Completed development projects DKK'000
7. Intangible assets	
Cost beginning of year	17.120
Additions	1.357
Cost end of year	**18.477**
Amortisation and impairment losses beginning of year	(14.364)
Amortisation for the year	(1.788)
Amortisation and impairment losses end of year	**(16.152)**
Carrying amount end of year	**2.325**

	Other fixtures and fittings, tools and equipment DKK'000
8. Property, plant and equipment	
Cost beginning of year	23.068
Additions	4.296
Disposals	(3.701)
Cost end of year	**23.663**
Depreciation and impairment losses beginning of year	(18.499)
Depreciation for the year	(2.407)
Reversal regarding disposals	1.970
Depreciation and impairment losses end of year	**(18.936)**
Carrying amount end of year	**4.727**

Notes to parent financial statements

	Invest-ments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Receivables from associates DKK'000	Other receivables DKK'000
9. Fixed asset investments				
Cost beginning of year	21.181	11.175	0	40
Additions	0	0	10.600	0
Disposals	0	(11.175)	0	(40)
Cost end of year	**21.181**	**0**	**10.600**	**0**
Share of profit/loss for the year	10.227	0	0	0
Revaluations end of year	**10.227**	**0**	**0**	**0**
Impairment losses beginning of year	(4.031)	0	0	0
Exchange rate adjustments	1	0	0	0
Share of profit/loss for the year	4.195	0	0	0
Investments with negative equity value depreciated over receivables	(165)	0	0	0
Impairment losses end of year	**0**	**0**	**0**	**0**
Carrying amount end of year	**31.408**	**0**	**10.600**	**0**

	2017 DKK'000
10. Deferred tax	
Changes during the year	
Beginning of year	2.656
Recognised in the income statement	(2.195)
Recognised directly in equity	939
End of year	**1.400**

The tax assets arise primarily from tax losses carried forward. Management expects that the company and its jointly taxed enterprises will obtain positive earnings and thus, the deferred tax assets can be used in the future.

11. Prepayments

Prepayments are prepaid costs for the next year.

Notes to parent financial statements

12. Financial instruments

Other payables include a negative fair value of DKK 1,638k from currency hedges. The contracts hedge currency risk from future goods purchases in USD totalling USD 13,704k (DKK 85,101k). The fair value adjustment is registered on equity and is expected to be realised in profit and loss after balance date. The currency hedges runs 0 to 6 months.

	Amounts outstandin g DKK'000	Date of maturity
13. Claims of creditor subordinated to other creditors		
Henrik Saxtrup Sylvest	10.600	31.12.2020
	10.600	

	2017 DKK'000	2016 DKK'000
14. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**5.760**	**1.381**

	2017 DKK'000	2016 DKK'000
15. Contingent liabilities		
Recourse and non-recourse guarantee commitments	5.766	5.402
Contingent liabilities to group enterprises	**5.766**	**5.402**

The Entity participates in a Danish joint taxation arrangement in which Dacapo Holding A/S, Neptunvej 1, 8600 Silkeborg, Denmark serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

16. Assets charged and collateral

Company charge of DKK 130,000k consisting of unsecured claims, inventory, operating equipment owned by Dacapo Stainless A/S have been put up as security for credit facilities in Jyske Bank as well as pledges in shares in group enterprises. Bank loans amount to DKK 119,640K.

Unsecured claims amounts to DKK 60,978K.

Inventory amounts to DKK 142,580K.

Operating equipment amounts to DKK 4,726K.

Shares in group enterprises amounts to DKK 31,408K.

Notes to parent financial statements

17. Transactions with related parties
Dacapo Holding A/S (CBR: 27400396), Silkeborg owns 90% of the shares in the Company, and therefore has controlling interest.
Referring to section 98 (C) of the Danish Financial Statements act The Company does not disclose transactions with related parties as the transactions have been performed at arm's length.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales
Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Accounting policies

Other external expenses
Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Accounting policies

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is five years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Accounting policies

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement
Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.